

SUMMARY ANALYSIS OF AMENDED BILL

Author: Monning/Berryhill Analyst: Janet Jennings Bill Number: AB 2770
 Related Bills: See Prior Analysis Telephone: 845-3495 Amended Date: August 18, 2010
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT:

Labor Commissioner Or Designee From Labor And Workforce Development Agency
 In Consultation With FTB And Economic And Employer Enforcement Coalition
 Develop And Implement Standards That Would Trigger Recommendation For Audit
 Or Investigation

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous
 analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the
 previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED

X March 1, 2010, STILL APPLIES.

X OTHER – See comments below.

SUMMARY

This bill would require the Franchise Tax Board (FTB) to consult in the development of criteria to prompt referrals between state tax agencies for audit or investigation.

SUMMARY OF AMENDMENTS

The August 18, 2010, amendments added industry representatives to those responsible for the development of criteria for referrals for audit or investigation, restricted the business subject to the audit and referral criteria to the swimming pool and spa industry, deemed this legislation a pilot project, specified the Employment Development Department as the agency responsible for the audit or investigation referral, and added a repeal date. As a result of the amendments the "This Bill" section of the department's analysis of the bill as introduced March 1, 2010, has been revised, the remainder of the analysis remains the same. The "Fiscal Impact" and "Economic Impact" are restated for convenience.

Board Position:

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Asst. Legislative Director

Date

Patrice Gau-Johnson

8/25/10

ANALYSIS

THIS BILL

This bill would require the FTB to consult with the Employment Development Department, the Department of Justice, the Department of Insurance, the Labor and Workforce Development Agency, and industry representatives to develop and implement a set of criteria by July 1, 2011, that, if met by an employer, would trigger a recommendation for an audit or investigation by appropriate state tax authorities to determine if an employer has violated statutes relating to employee wages, hours, and working conditions.

The Employment Development Department would take the following actions with respect to an employer when the criteria are met:

- Notify the appropriate state tax authorities,
- Provide the appropriate state tax authorities with the name of the employer and all relevant and necessary information regarding the violations, and
- Make a recommendation to the appropriate state tax authorities that the employer be audited or investigated.

FISCAL IMPACT

This bill would not impact the department's costs.

ECONOMIC IMPACT

This bill makes administrative changes to the Labor Code relating to the underground economy. Any potential revenue generated by this bill would be dependent on if the information provided to the FTB is classified as new information not available through current sources used by the FTB.

To the extent that FTB receives information it would not have received absent this program, there would be a potential increase in revenue.

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